Determinants of Fraudulent Financial Statements Using an Approach Fraud Hexagon

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Abstract: There are 239 cases of fraud in Indonesia with a percentage of cases of financial statement fraud of 9.2%, so this research aims to develop methods for preventing and detecting financial statement fraud are needed. The theory used is the latest theory, namely the fraud hexagon. This research is quantitative. This research is a hypothesis testing research which aims to test hypotheses and explain phenomena in the form of relationships between variables in the research, namely the fraudulent financial statement variable as the dependent variable and the elements in the fraud hexagon, namely pressure, opportunity, rationalization, capability, arrogance and collusion as independent variables. The novelty of this research is this research added a moderating variable which is exposures. The primary data used was taken directly using a questionnaire distributed to practitioners in the finance, accounting and internal audit departments in the state-owned enterprises in services industry from Nov 3rd 2023 until Dec 2nd 2023 with 139 respondents used. This research has 7 hypotheseses with 6 of them are every elements in fraud hexagon has positive effect to fraudulent financial statements, and the 7th hypotheses is exposures moderates in weaken the influence of the variables in fraud hexagon to fraudulent financial statement. The results of this research is pressure, capability, collusion, opportunity, and arrogance has positive significant effect in fraudulent financial statement, as for rationalization has no significant effect in fraudulent financial statement. Exposures can moderate elements in fraud hexagon in weaken their influence in fraudulent financial statement.

Keyword: Fraud, Fraud Hexagon, Fraudulent Financial Statement

INTRODUCTION

Financial reports are reports that present financial information about a business entity or organization during a certain period. Financial reports are generally prepared by companies or organizations to provide an overview of their financial performance to stakeholders, such as owners, investors, employees, creditors and other related parties. (Max Ki, 2023). Seeing the importance of financial reports in decision making, good financial reports must be reliable and trustworthy according to their characteristics and do not contain elements of fraud in them. Fraud in financial reports is something that can be a threat to external parties who use financial reports, especially investors. Fraud or cheating is a criminal deception that is intended to

provide financial benefits to the fraudster, because the action is carried out with malicious intent, resulting in the perpetrator making a profit and the victim experiencing financial losses (SPI Undip, 2022). According to the Indonesian Fraud Survey in 2019, there were 239 fraud cases in Indonesia with a percentage of financial statement fraud cases of 9.2% (Association of Certified Fraud Examiners, 2019). The fraud case that is still hot occurred in one of the State-Owned Enterprises in the Service Sector, namely PT Waskita Karya, where the BPK found a number of problems in investment activities and toll road operations carried out by Waskita and its subsidiaries, one of the problems in this BUMN was infrastructure project debt caused by their failure to pay interest on bonds amounting to IDR 4.7 trillion with a maturity date of February to May 2023 (Rizki Dewi & Vivia Agarta, 2023). This case involved superiors whose respective roles included ordering and approving the disbursement of supply chain financing funds using fake supporting documents, where the fake supporting documents were used to pay Waskita's debts. In fact, the debt obtained by Waskita Karya was used to build a number of fictitious work projects (Rizki Dewi & Vivia Agarta, 2023).

With cases of fraudulent financial report recording occurring in Indonesia, methods of preventing and detecting financial report fraud are needed. One way to detect fraud in financial reporting is to use the fraud hexagon theory proposed by Volusinas (2019). The fraud hexagon theory is a development of previous theories, namely fraud triangle, fraud diamond, and fraud pentagon. Research regarding the fraud hexagon has been carried out several times by researchers, including Basri et al. (2020) whose research results show that pressure, capability, collusion and opportunity have a positive influence on fraud. Setyono et al. (2023) in their research results show that rationalization has a positive influence on financial report fraud. Oktarina et al. (2023) in their research shows the results that opportunity, capability and collusion have a positive influence on financial statement fraud.

The differences in the results of previous studies encouraged the author to conduct re-research to detect fraud using the fraud hexagon theory. It is hoped that this research will provide benefits for practitioners by providing empirical evidence of the influence of the elements in the fraud hexagon on fraudulent financial statements among accounting, financial and auditor practitioners. Theoretically, it is hoped that this research can be used as an approach to identify fraudulent financial statements and provide preventive measures. In this research, the Service Sector BUMN was chosen, because as a state-owned entity it has an obligation to report accurately to all stakeholders including the public within it. The difference between this research and previous studies is the addition of exposure as a moderating variable. In this research, researchers used primary data obtained directly through filling out questionnaires by practitioners in the finance, accounting and internal audit departments in state-owned service industries.

METHOD

This research is quantitative. This research is a hypothesis testing research which aims to test hypotheses and explain phenomena in the form of relationships between variables in the research, namely the fraudulent financial statement variable as the dependent variable and the elements in the fraud hexagon, namely pressure, opportunity, rationalization, capability, arrogance and collusion. as an independent variable.

The population of this research is workers in the finance, accounting and internal audit departments of state-owned companies in the service sector. In this study the author uses probability sampling because in this study each member of the population has the same opportunity to be selected as a sample member using random sampling techniques. In the end, there were 139 respondents in this study. The minimum sample size for this research refers to the theory of Sugiyono (2019) which states that the minimum sample suitable for research is 30 samples.

This research uses primary data collection techniques carried out using a survey method, namely a primary data collection method that uses written statements. The survey method used is by distributing questionnaires to respondents in the form of an online questionnaire. The survey was conducted from 3 November 2023 to 2 December 2023. The data analysis tool used in this research was EViews version 12 with the least squares method.

The table below is a summary of the variables used in the research along with the questionnaire items for each variable:

Table 1. Research Variables

Variables	Questionnaire Items
Fraudulent Financial Statement (Y) Source: ACFE (2016) in Basri et al. (2020)	1. Where I work, recording transaction dates often does not correspond to the actual transaction time 2. Where I work, I record fictitious costs (transportation costs or other needs) in carrying out work 3. Where I work, disclosure of financial reports is inadequate and some are covered up 4. Where I work, I have transferred a certain budget to another budget 5. Where I work, there have been expenditures that were illegal or that were not in accordance with procedures set by the government 6. Where I work, the procurement of goods and completeness of facilities does not comply with the budgeted price and quality standards 7. Fraud regarding the procurement of equipment where I work or other assets has occurred 8. The leadership has manipulated the management and recording of wealth/assets where I work 9. Where I work, providing convenience in the service process is only a few other entities that provide rewards/remuneration/gifts, even though they do not comply with established procedures. 10. Employees or leaders have practiced bribery 11. Where I work, gifts or other illegal gifts have been found that are not permitted by applicable regulations 12. Leaders have manipulated their performance to get awards
Pressure (X1) Source: Basri et al. (2020)	1. I will not obey orders from superiors who deviate from professional standards and must conflict with accounting standards or legal regulations 2. I will not obey orders from superiors who deviate because I want to continue working safely at the office. 3. I will not follow orders from superiors to behave deviantly from the existing work targeted. 4. I will defy my superior's orders and choose to leave my job if I am forced to do that contrary to professional standards. 5. I will oppose deviant orders from superiors because I want to uphold professionalism.
Capability (X2) Source: Basri et al. (2020)	1. I have the initiative to learn about developments in information flows such as the internet 2. With the knowledge I have, I can complete work tasks well and on time 3. The competencies I have make me feel confident to complete work tasks with good quality 4. I feel confident when placed in work assignments that do not match my competencies 5. I do not feel inferior if I experience failure in carrying out my work duties 6. I am able to communicate well with fellow colleagues in the office environment 7. I am ready to help colleagues who need help completing work or other problems outside of work
Collusion (X3) Source: Basri et al. (2020)	1. I know that telling others to do what I want to benefit myself is wrong 2. Where I work, someone will reprimand them directly if someone breaks the rules 3. Where I work, employees are aware that it is wrong to assign work to other employees 4. Where I work, employees must do all the work assigned to them and cannot choose jobs
Opportunity (X4)	1. Where I work, there is a clear organizational structure 2. The leadership has carried out a complete and comprehensive risk analysis of the possibility of violations of the company's fund management system 3. Where I work, physical or asset security policies and procedures have been established and implemented well

Source: Basri et al. (2020)	4.	Where I work, I have provided supporting tools for various transactions and presenting financial reports
	5.	Where I work, I always follow up on every finding/review and suggestions given by the Auditor
	6.	Leadership always reviews and evaluates findings that indicate weaknesses and need for improvement
Arrogance (X5)	1.	The boss where I work always gives direct direction to his subordinates in order to carry out work
	2.	The boss where I work always ensures that there are work guidelines for each work section that carries out its main tasks
	3.	The boss where I work gives employees the opportunity to discuss work-related problems.
Source: Basri et al. (2020)	4.	The superiors where I work accept and pay attention to input and information from subordinates in making decisions
	5.	The boss where I work provides opportunities for subordinates to develop their careers
	6.	The boss where I work gives work assignments that are appropriate to the field and abilities of the subordinates
Rationalization (X6)	1.	I am used to building communication using good language with my colleagues
	2.	I maintain good relationships with coworkers
Source: Arzuni dan Andriani (2022)	3.	I appreciate suggestions and am open to the opinions of other employees
	4.	I know the work rules regarding existing techniques in the company
	5.	I know the work rules in accordance with existing procedures within the company
Exposure (Z)	1.	The quality of regulations where I work is adequate
	2.	Socialization of regulations is routinely carried out where I work
	3.	Where I work, breaking the rules is given fair and consistent sanctions
Source: Neva et al. (2021)	4.	Where I work, regulations are evaluated periodically
	5.	The rules where I work are strict and impartial

The measurement of variables in this research uses a Likert scale with the assumption that it aims to measure a person's assessment of a particular object. In general, the respondent's assessment consists of five options as follows:

Table 2. Variables Measurement

1	2	3	4	5
Strongly disagree	Disagree	Less agree	Agree	Strongly agree

RESULTS AND DISCUSSION

Jensen & Meckling (1976) explain agency theory as an agreement where a principal consisting of one or more people involves an agent to carry out company tasks known as management. There are those who believe that the best interests of shareholders will not always be in line with management's wishes, causing agency problems (Handoko, 2021). Meanwhile the fraud hexagon theory proposed by Volusinas (2019) is a development of the previous theory, namely the fraud pentagon. Based on the fraud hexagon theory, the occurrence of fraud is influenced by six factors including stimulus, ego, capability, rationalization, opportunity and collusion (Oktarina & Ramadhan, 2023).

Pressure with Fraudulent Financial Statements

Individuals will carry out actions ordered by their superiors even though this is not in accordance with their principles. Azizah et al. (2023). Mutia Basri et al. (2020) in their research shows that pressure given by superiors can influence the behavior of their subordinates. Bosses who have good ethics tend to give direction to their subordinates to behave ethically. Based on this idea, it can be concluded that pressure as proxied by superior pressure has an impact on detecting financial statement fraud. Thus, the first hypothesis formulated is as follows:

H1: Pressure has a positive effect on Fraudulent Financial Statements.

Capability with Fraudulent Financial Statement

It is impossible for fraud or fraud to occur without people who have the right abilities to carry out the fraud or cheating. The ability in question is the nature of the individual committing fraud, which encourages them to look for opportunities and take advantage of them (Wolfe & Hermanson, 2004). The more a person has competence in their field of work, there is a gap for that person to be able to cover up fraud with the abilities they have. This is supported by research by Basri et al. (2020) which shows that competence has an influence on financial report fraud. Based on these thoughts, the hypothesis that the researcher created is as follows:

H2: Capability has a positive effect on Fraudulent Financial Statements.

Collusion with Fraudulent Financial Statement

Volusinas (2019) argues that many acts of fraud and white collar crime occur because they are caused by collusion factors, namely unethical behavior in the form of agreements or cooperation between two or more individuals to achieve a criminal act or fraud. This is supported by Handoko's (2021) research which shows that collusion has a positive influence on fraudulent financial reports. Therefore, in this study collusion is proxied by unethical behavior. So the hypothesis can be concluded as follows:

H3: Collusion has a positive effect on Fraudulent Financial Statements.

Opportunity with Fraudulent Financial Statement

Opportunities to commit fraud can arise due to ineffective monitoring. According to SAS No.99, ineffective monitoring is a condition where the company's internal control system is not effective. Oktarina et al. (2023) in their research shows that ineffective internal control has a positive effect on financial report fraud. Basri (2020) in his research also found that opportunity has a positive influence on financial statement fraud. Based on this explanation, the following hypothesis is proposed:

H4: Opportunity has a positive effect on Fraudulent Financial Statements.

Arrogance with Fraudulent Financial Statement

Excessive arrogance in a person makes them want to maintain their current status and position because of their tendency to show it to the public. In this research, arrogance is proxied by the leadership style variable in accordance with the concept of Horwath (2011). Leaders play a role in planning, organizing, organizing and determining the direction and goals of the organization. Thus, a good leadership style can increase employee work motivation in achieving accountability. This is supported by the research results of Azizah & Reskino (2023) which show that arrogance has a significant influence on fraudulent financial reports. On the basis of this explanation, a hypothesis is built as follows:

H5: Arrogance has a positive effect on Fraudulent Financial Statements.

Rationalization with Fraudulent Financial Statement

Rationalization is an important element in the occurrence of fraud, where the perpetrator seeks justification for his actions. In this research, rationalization is proxied by organizational culture variables based on the theory explained by Skousen et al (2009) which defines organizational culture as a system and values believed by all members of an organization, which are studied, applied and developed continuously and can be used as a reference for action. in the organization to achieve predetermined organizational goals (Basri, 2020). Based on the explanation above, the following hypothesis can be made:

H6: Rationalization has a positive effect on Fraudulent Financial Statements.

Exposures moderating pressure with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva &

Amyar, 2021). Consequences in the form of exposure can be a social sanction for perpetrators of fraud which has a deterrent effect that makes someone reluctant to commit fraud even though someone is under pressure from their superiors. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H7: Exposure weakens the influence of Pressure on Fraudulent Financial Statements.

Exposures moderating capability with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva & Amyar, 2021). Someone who has good competence tends to be reluctant to commit fraud, especially when there are consequences in the form of exposure. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H8: Exposure weakens the influence of Capability on Fraudulent Financial Statements.

Exposures moderating collusion with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva & Amyar, 2021). A person with a tendency towards unethical behavior may be discouraged from committing fraud by having consequences in the form of exposure. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H9: Exposure weakens the influence of Collusion on Fraudulent Financial Statements.

Exposures moderating opportunity with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva & Amyar, 2021). Even though internal control is not effective, with sanctions in the form of exposure, someone may give up their intention to commit fraud because they are afraid of their good name being tarnished. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H10: Exposure weakens the influence of Opportunity on Fraudulent Financial Statements.

Exposures moderating arrogance with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva & Amyar, 2021). An organization with a leader who has a good leadership style and educates his subordinates that there are sanctions in the form of exposure for perpetrators of fraud tends to reduce the level of fraud in the organization. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H11: Exposure weakens the influence of Arrogance on Fraudulent Financial Statements.

Exposures moderating rationalization with fraudulent financial statement

According to Jack Bologne's theory, exposure is related to the actions or consequences faced by the perpetrator of fraud if the perpetrator is found to have committed fraud (Neva & Amyar, 2021). An organization with a good culture plus a sanctions policy in the form of exposure for perpetrators of fraud is expected to reduce the level of fraud in the organization. Based on these thoughts, the hypothesis that the researcher proposes is as follows:

H12: Exposure weakens the influence of Rationalization on Fraudulent Financial Statements.

Respondent Demographics

Respondents in this study totaled 139 people. Of which 54% are male and 46% female. As many as 12% of respondents had a third diploma, 55% had a bachelor's degree, 9% had an accounting profession, 19% had a postgraduate degree, and 6% had a doctoral degree. The work experience of 19% of respondents was less than 2 years, 30% more than 2 years to 4 years, 27% more than 4 years to 6 years, 12% more than 6 years to 8 years, and more than 8 years as much as 12%. 39% of respondents' current workplace positions are staff, 27% are senior staff or analysts or equivalent, 25% are assistant managers or equivalent, 6% are managers or equivalent, 1% are deputy directors or equivalent, and 1% are directors or equivalent. The educational background of the respondents was 74% accounting and 26% non-accounting.

Table 3. Respondent Demographics

	Item	Total	Percentage
Gender	Female	75	54%
	Male	64	46%
Last Education	Associate Degree	16	12%
	Bachelor Degree	77	55%
	Accountant Professional Education	12	9%
	Postgraduate	26	19%
	Doctoral	8	6%
Work Experience	Less than 2 years	26	19%
	>2 - 4 years	42	30%
	>4 - 6 years	37	27%
	>6 - 8 years	17	12%
	More than 8 zyears	17	12%
Position	Staff	54	39%
	Senior Staff / Analyst / equivalent	38	27%
	Assistant Manager / equivalent	35	25%
	Manager / equivalent	9	6%
	Vice President / equivalent	2	1%
	Director / equivalent	1	1%
Educational Backgroud	Accounting	103	74%
	Non Accounting	36	26%

Discussion
Hypothesis Testing

Fraud Hexagon and Fraudulent Financial Statement

Hypothesis testing with p-value has the following provisions:
If p-value > a, then H0 is accepted and Ha is rejected
If p-value < a, then H0 is rejected and Ha is accepted

Information:
a = 0.05
H0 = not significant
Ha = significant

The statistical results show the p-value:

a) **Hypothesis 1:** Table 4 shows the P-value for variable X1 is 0.4325 or greater than the alpha value (0.05), which indicates that pressure has a significant influence on fraudulent financial statements. Which shows that H1 is accepted.

b) **Hypothesis 2:** Table 4 shows the P-value for variable X2 is 0.1060 or greater than the alpha value (0.05), which indicates that capability has a significant influence on fraudulent financial statements. Which shows that H2 is accepted.

c) **Hypothesis 3:** Table 4 shows the P-value for variable X3 is 0.1660 or greater than the alpha value (0.05), which indicates that collusion has a significant influence on fraudulent financial statements. Which shows that H3 is accepted.

d) **Hypothesis 4:** Table 4 shows the P-value for variable X4 is 0.6755 or greater than the alpha value (0.05), which indicates that opportunity has a significant influence on fraudulent financial statements. Which shows that H4 is accepted.

e) **Hypothesis 5:** Table 4 shows the P-value for variable X5 is 0.9693 or greater than the alpha value (0.05), which shows that arrogance has a significant influence on fraudulent financial statements. Which shows that H5 is accepted.

f) **Hypothesis 6:** Table 4 shows the P-value for variable X6 is. Table 4 shows the for variable X5 is 0.0343 or less than the alpha value (0.05), which shows that rationalization has no influence on fraudulent financial statements. Which shows that H6 is rejected.

Statistical results show that the R-squared value is 0.0495 or 4.95%, which means that all independent variables can influence the dependent variable (fraudulent financial statement) by 4.95%. Meanwhile, the other 95.05% was influenced by variables that were not included in the research.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	40.69101	6.930730	5.871101	0.0000
X1	-0.351991	0.447115	-0.787249	0.4325
X2	0.830543	0.510230	1.627781	0.1060
X3	0.918711	0.659534	1.392972	0.1660
X4	-0.234783	0.559650	-0.419519	0.6755
X5	-0.015697	0.406508	-0.038615	0.9693
X6	-1.228903	0.574563	-2.138846	0.0343

R-squared	0.049537	Mean dependent var	40.45324
Adjusted R-squared	0.006334	S.D. dependent var	12.87297
S.E. of regression	12.83214	Akaike info criterion	7.990830
Sum squared resid	21735.62	Schwarz criterion	8.138609
Log likelihood	-548.3627	Hannan-Quinn criter.	8.050884
F-statistic	1.146607	Durbin-Watson stat	0.979980
Prob(F-statistic)	0.339062		

Figure 1. Statistical Result 1

The statistical results show that the R-squared value of variable pressure is 0.0056 or 0.56%, while the R-squared value of variable pressure with exposure as a moderating variable is 0.018 or 1.8%. This means that H7 is rejected because exposure does not weaken the influence of variable pressure on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45.27005	5.578107	8.115666	0.0000
X1	-0.256233	0.290981	-0.880584	0.3801
R-squared	0.005628	Mean dependent var		40.45324
Adjusted R-squared	-0.001630	S.D. dependent var		12.87297
S.E. of regression	12.88346	Akaike info criterion		7.964049
Sum squared resid	22739.74	Schwarz criterion		8.006272
Log likelihood	-551.5014	Hannan-Quinn criter.		7.981208
F-statistic	0.775429	Durbin-Watson stat		0.889780
Prob(F-statistic)	0.380085			

Figure 2. Statistical Result 2

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45.26154	3.217042	14.06930	0.0000
X1*Z	-0.013253	0.008347	-1.587825	0.1146
R-squared	0.018070	Mean dependent var		40.45324
Adjusted R-squared	0.010903	S.D. dependent var		12.87297
S.E. of regression	12.80260	Akaike info criterion		7.951458
Sum squared resid	22455.21	Schwarz criterion		7.993681
Log likelihood	-550.6263	Hannan-Quinn criter.		7.968616
F-statistic	2.521187	Durbin-Watson stat		0.881754
Prob(F-statistic)	0.114631			

Figure 3. Statistical Result 3

Hypothesis 7: The statistical results show in table 5 indicates that the R-squared value of variable pressure is 0.0056 or 0.56%, while the R-squared value of variable pressure shows in table 6 with exposure as a moderating variable is 0.018 or 1.8%. This means that H7 is rejected because exposure does not weaken the influence of variable pressure on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	41.33957	6.620116	6.244538	0.0000
X2	-0.032489	0.239320	-0.135757	0.8922
R-squared	0.000135	Mean dependent var		40.45324
Adjusted R-squared	-0.007164	S.D. dependent var		12.87297
S.E. of regression	12.91900	Akaike info criterion		7.969559
Sum squared resid	22865.37	Schwarz criterion		8.011782
Log likelihood	-551.8843	Hannan-Quinn criter.		7.986717
F-statistic	0.018430	Durbin-Watson stat		0.890347
Prob(F-statistic)	0.892212			

Figure 4. Statistical Result 4

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	44.68936	3.564129	12.53865	0.0000
X2*Z	-0.008092	0.006482	-1.248316	0.2140
R-squared	0.011246	Mean dependent var		40.45324
Adjusted R-squared	0.004029	S.D. dependent var		12.87297
S.E. of regression	12.84701	Akaike info criterion		7.958383
Sum squared resid	22611.26	Schwarz criterion		8.000606
Log likelihood	-551.1076	Hannan-Quinn criter.		7.975541
F-statistic	1.558292	Durbin-Watson stat		0.880283
Prob(F-statistic)	0.214045			

Figure 5. Statistical Result 5

Hypothesis 8: The statistical results show in table 7 indicates that the R-squared value of the capability variable is 0.00013 or 0.013%, while the R-squared value shows in table 8 of the capability variable with exposure as a moderating variable is 0.0112 or 1.12%. This means that H8 is rejected because exposure does not weaken the influence of the capability variable on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	40.07694	5.916613	6.773628	0.0000
X3	0.024430	0.377478	0.064720	0.9485

R-squared	0.000031	Mean dependent var		40.45324
Adjusted R-squared	-0.007268	S.D. dependent var		12.87297
S.E. of regression	12.91967	Akaike info criterion		7.969663
Sum squared resid	22867.75	Schwarz criterion		8.011886
Log likelihood	-551.8916	Hannan-Quinn criter.		7.986821
F-statistic	0.004189	Durbin-Watson stat		0.890664
Prob(F-statistic)	0.948491			

Figure 6. Statistical Result 6

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	44.67080	3.506204	12.74050	0.0000
X3*Z	-0.014275	0.011280	-1.265533	0.2078

R-squared	0.011555	Mean dependent var		40.45324
Adjusted R-squared	0.004340	S.D. dependent var		12.87297
S.E. of regression	12.84500	Akaike info criterion		7.958071
Sum squared resid	22604.20	Schwarz criterion		8.000294
Log likelihood	-551.0859	Hannan-Quinn criter.		7.975229
F-statistic	1.601573	Durbin-Watson stat		0.884071
Prob(F-statistic)	0.207828			

Figure 7. Statistical Result 7

Hypothesis 9: The statistical results show in table 9 that the R-squared value of the collusion variable is 0.000031 or 0.003%, while the table 10 shows R-squared value of the collusion variable with exposure as a moderating variable is 0.0115 or 1.15%. This means that H9 is rejected because exposure does not weaken the influence of variable collusion on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	43.19547	5.986938	7.214952	0.0000
X4	-0.117645	0.252515	-0.465895	0.6420

R-squared	0.001582	Mean dependent var		40.45324
Adjusted R-squared	-0.005706	S.D. dependent var		12.87297
S.E. of regression	12.90964	Akaike info criterion		7.968110
Sum squared resid	22832.27	Schwarz criterion		8.010333
Log likelihood	-551.7837	Hannan-Quinn criter.		7.985268
F-statistic	0.217058	Durbin-Watson stat		0.887639
Prob(F-statistic)	0.642031			

Figure 8. Statistical Result 8

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45.33188	3.439343	13.18039	0.0000
X4*Z	-0.010867	0.007268	-1.495118	0.1372

R-squared	0.016055	Mean dependent var		40.45324
Adjusted R-squared	0.008873	S.D. dependent var		12.87297
S.E. of regression	12.81574	Akaike info criterion		7.953509
Sum squared resid	22501.30	Schwarz criterion		7.995731
Log likelihood	-550.7688	Hannan-Quinn criter.		7.970667
F-statistic	2.235377	Durbin-Watson stat		0.878183
Prob(F-statistic)	0.137184			

Figure 9. Statistical Result 9

Hypothesis 10: The statistical results show in table 11 indicates that the R-squared value of the opportunity variable is 0.0015 or 0.15%, while in table 12 shows the R-squared value of the opportunity variable with exposure as a moderating variable is 0.0165 or 1.65%. This means that H10 is rejected because exposure does not weaken the influence of variable opportunity on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	43.15662	4.995144	8.639714	0.0000
X5	-0.120516	0.217270	-0.554684	0.5800

R-squared	0.002241	Mean dependent var		40.45324
Adjusted R-squared	-0.005042	S.D. dependent var		12.87297
S.E. of regression	12.90538	Akaike info criterion		7.967450
Sum squared resid	22817.20	Schwarz criterion		8.009673
Log likelihood	-551.7378	Hannan-Quinn criter.		7.984608
F-statistic	0.307675	Durbin-Watson stat		0.887751
Prob(F-statistic)	0.580015			

Figure 10. Statistical Result 10

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	44.80266	3.177084	14.10182	0.0000
X5*Z	-0.009998	0.006862	-1.457004	0.1474

R-squared	0.015259	Mean dependent var		40.45324
Adjusted R-squared	0.008071	S.D. dependent var		12.87297
S.E. of regression	12.82092	Akaike info criterion		7.954317
Sum squared resid	22519.50	Schwarz criterion		7.996540
Log likelihood	-550.8250	Hannan-Quinn criter.		7.971475
F-statistic	2.122861	Durbin-Watson stat		0.880613
Prob(F-statistic)	0.147403			

Figure 11. Statistical Result 11

Hypothesis 11: The statistical results show in table 13 indicates that the R-squared value of the arrogance variable is 0.0022 or 0.22%, while table 14 shows the R-squared value of the arrogance variable with exposure as a moderating variable is 0.0152 or 1.52%. This means that

H11 is rejected because arrogance does not weaken the influence of the arrogance variable on fraudulent financial statements.

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	47.66809	5.717192	8.337676	0.0000
X6	-0.360354	0.280321	-1.285507	0.2008
R-squared	0.011918	Mean dependent var		40.45324
Adjusted R-squared	0.004706	S.D. dependent var		12.87297
S.E. of regression	12.84264	Akaike info criterion		7.957703
Sum squared resid	22595.89	Schwarz criterion		7.999926
Log likelihood	-551.0604	Hannan-Quinn criter.		7.974862
F-statistic	1.652528	Durbin-Watson stat		0.900520
Prob(F-statistic)	0.200784			

Figure 12. Statistical Result 12

Included observations: 139

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	47.12330	3.397734	13.86904	0.0000
X6*Z	-0.017329	0.008370	-2.070276	0.0403
R-squared	0.030336	Mean dependent var		40.45324
Adjusted R-squared	0.023258	S.D. dependent var		12.87297
S.E. of regression	12.72239	Akaike info criterion		7.938888
Sum squared resid	22174.71	Schwarz criterion		7.981111
Log likelihood	-549.7527	Hannan-Quinn criter.		7.956046
F-statistic	4.286043	Durbin-Watson stat		0.884276
Prob(F-statistic)	0.040304			

Figure 13. Statistical Result 13

Hypothesis 12: The statistical results in table 15 show that the R-squared variable rationalization value is 0.0119 or 1.19%, while table 16 shows the R-squared variable rationalization value with exposure as a moderating variable is 0.0303 or 3.03%. This means that H12 is rejected because exposure does not weaken the influence of variable rationalization on fraudulent financial statements.

CONCLUSION

1. Pressure, which is proxied by superior pressure, has a significant positive effect on fraudulent financial statements.
2. Capability as proxied by competence has a significant positive effect on fraudulent financial statements.
3. Collusion, which is proxied by unethical behavior, has a significant positive effect on fraudulent financial statements.
4. Opportunity as proxied by ineffective monitoring has a significant positive effect on fraudulent financial statements.
5. Arrogance, which is proxied by leadership style, has a significant positive effect on fraudulent financial statements.
6. Rationalization as proxied by organizational culture does not have a significant influence on fraudulent financial statements.
7. Exposures as a moderating variable do not weaken the influence of pressure on fraudulent financial statements.
8. Exposures as a moderating variable do not weaken the influence of capability on fraudulent financial statements.

9. Exposures as a moderating variable do not weaken the influence of collusion on fraudulent financial statements.
10. Exposures as a moderating variable do not weaken the influence of opportunity on fraudulent financial statements.
11. Exposures as a moderating variable do not weaken the influence of arrogance on fraudulent financial statements.
12. Exposures as a moderating variable do not weaken the influence of rationalization on fraudulent financial statements.

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